

State of Hawaii
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of State Parks
Honolulu, Hawaii

June 23, 2006

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Subject: Kokee State Park, Waimea, Kauai – Concession Lease SP-0039, The Lodge at Kokee, LLC

Background

Through a public bid process the above lessee won a lease on the Kokee lodge that consists of a restaurant and retail facility plus an additional 12 cabins that are rented by the day. The lease is for a 30 month period beginning July 1 2004 through December 31, 2006.

The cabin rental rates are the subject of this submittal. The last rental rate increase was in 1982. Currently the rates are \$45.00 per night plus \$5.00 per person after the first three persons per cabin plus Transit Accommodation Tax and GET.

In order for the lessee to implement their strategy to increase the level of service and hospitality to the public, to improve the training and morale of the front and back of the house, provide competitive wages, benefits and personal incentives for the staff, lessee is requesting and increase in the rates charged for the daily rentals.

The lessee is requesting a daily rate structure per cabin (plus TAT and GET) as follows:

New Visitor Rate

\$90.00*

Kamaaina Rate

\$65.00*

* Add \$5.00 per person after the first three persons per cabin plus Transit Accommodation Tax and GET.

It is difficult to come up with a comparable state project to compare rates. Malaekahana on Oahu has seven inferior cabins with no back of the house operation i.e. linen, restaurant facility, etc. They are \$66.00 weekday; \$80.00 weekend plus taxes.

Recommendation

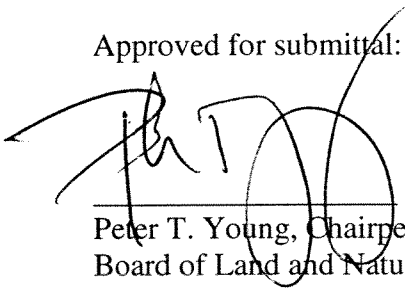
After reviewing the letter of May 30, 2006 from the lessee, The Lodge at Kokee, LLC, staff is recommending that as of July 1, 2006 the rate be increased in accordance with the above request.

Respectfully Submitted,



Daniel S. Quinn, Administrator
Division of State Parks

Approved for submittal:



Peter T. Young, Chairperson
Board of Land and Natural Resources